



**Rialto Energy Limited**  
1186 Hay St  
West Perth 6005  
Western Australia

ACN 117 227 086

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## Report for Quarter ended 30 June 2008

### Highlights

- **In July 2008, Rialto announced its intention to raise \$7.3 million (before costs) by issuing 22,121,212 ordinary fully paid shares at \$0.33 each.**
- **WA-291-P - Interpretation of the 750km Hogshead 2D seismic survey completed.**
- **WA-399-P – Interpretation of reprocessed 2D underway to define a risked Prospects & Leads portfolio.**
- **International New Ventures – Several significant opportunities have been reviewed and ranked, with advanced negotiations ongoing.**
- **Mr Brett Woods appointed Managing Director and Mr Robert Hall appointed as an Executive Director.**
- **Mr Simon Potter appointed as a Non-Executive Director.**

### Operations Summary

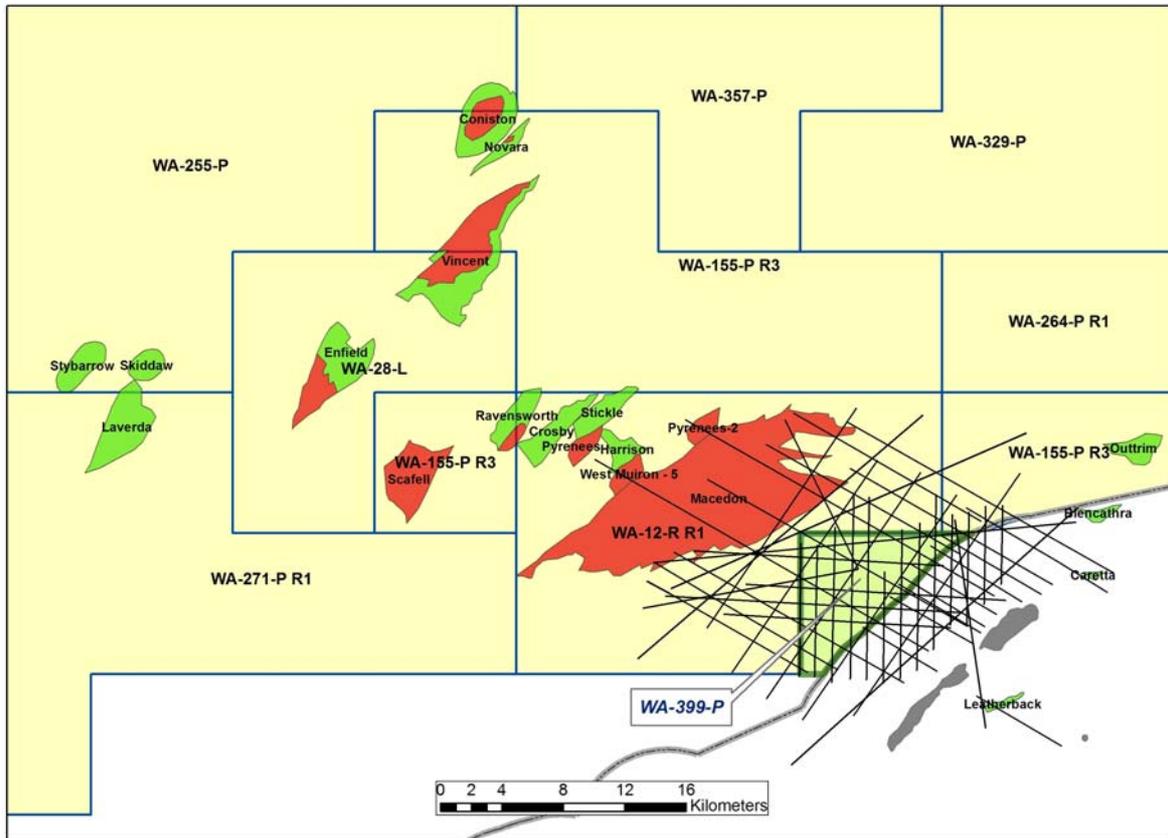
#### *WA-291-P (Rialto 30%)*

Seismic interpretation of the new good quality data has been completed by the Operator (Tap Oil).

At the end of the Quarter, structural leads that were matured to prospect status were being evaluated for potential drilling.

#### *WA-399-P (Rialto 50%)*

Rialto and the Operator (Carnarvon Petroleum) are jointly integrating and interpreting the newly reprocessed 2D seismic dataset to define a risked and ranked Prospects and Leads portfolio. WA-399-P is located in the Carnarvon Basin, offshore Western Australia, in close proximity to the Pyrenees Trend oil discoveries which include Pyrenees, Ravensworth, Crosby, Stickle and Harrison, and the Macedon Gas field (see following map). The previously announced development of the Pyrenees Oil Project increases the likelihood of commercialising any discoveries that might be made in WA-399-P.



**Figure 1** – WA-399-P Locality Map, highlighting the proximity to nearby production assets, and the key 2D seismic lines that have been reprocessed and interpreted over Exploration Permit WA-399-P.

### ***New Ventures***

Rialto is continuing to investigate international growth opportunities. Through Rialto's agreement with Challenger Minerals Inc. ("CMI"), Rialto has the right but not the obligation to acquire an interest in certain offshore oil and gas acreage opportunities that are concluded by CMI.

Some of these opportunities are at an advanced stage of negotiation but are still currently confidential. If Rialto elects to participate in successfully concluded contracts then an announcement will be immediately made to the ASX.

### ***Corporate***

In May 2008, Mr Brett Woods was promoted to the position of Managing Director of Rialto. Mr Woods was previously the Chief Executive Officer of the Company. Mr Rob Hall was also appointed as an Executive Director. Mr Glenn Whiddon resigned as a non-executive director on the same date.

Since Quarter end, Mr Simon Potter has been appointed as a director of Rialto. Mr Potter is a highly experienced oil industry executive who was the Managing Director of Hardman Resources Ltd.

## *Financial*

In July 2008, Rialto announced its intention to raise \$7.3 million (before costs) by placing 22,121,212 fully paid ordinary shares with clients of Patersons Securities Ltd and directors and management of Rialto. These funds will be used principally to attract and negotiate international growth opportunities, particularly in relation to Rialto's International Joint Venture Agreement with Challenger Minerals Inc. ("CMI"). CMI is the wholly owned subsidiary of Transocean Inc., the world's largest offshore drilling contractor

Cash on hand at the end of the Quarter was \$0.9 million.

As at 30 June 2008, Rialto had 22,310,000 fully paid ordinary shares on issue (including 1,466,668 shares escrowed until 28 July 2008) and 18,275,000 options on issue (including 2,033,334 options escrowed until 28 July 2008).

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